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ABSTRACT

This serial issue focusing on the theme of "School-to-Work." The two articles it contains describe promising practices that benefit individual students who participate. The first article, "Connecting the Dots: Linking School and Work to Accelerate Student Results," examines how schools and businesses are linking up, leading to benefits for students and employers. It reports evidence that forging closer links between schools and the workplace spurs student academic performance and motivation and that employers benefit because school-to-work participation better prepares students to succeed in college and in the workplace and helping employers better match applicants' skills with workplace needs. It presents these findings: business participation in school-to-work partnerships varies by business size and industry and the number of employers providing more informal work-based learning experiences jumped significantly. The second article, "Education Helps Young Workers Get Ahead," examines the diversity in the "youth" labor market in terms of education, skills, and labor market attachment. It reports that young workers can increase their chances of success in the working world by acquiring a college education; labor market churn may benefit young workers for a limited amount of time; real hourly earnings have increased more rapidly for younger workers than for other segments of the job market; and the transition from school to work is still a troublesome process for young people. (YLB)

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NATIONAL ALLIANCE OF BUSINESS

Economics

UNDERSTANDING CHANGE IN WORK

Linking School and Work

To Accelerate Student Results

PLUS

- Education Helps Young Workers Get Ahead

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TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

From the Editor

As a learning-intensive economy emerges, educators and employers together are exploring new ways of preparing high school students for higher education and, later, the world of work. One of the most promising practices is school to work, which benefits individual students who participate *as well as many other students in their schools.*

Students who participate in school-to-work programs achieve at higher levels, are less likely to drop out and are more likely to go on to college than students who don't. Other students in their schools benefit from teachers' exposure to places of business, which enriches their teaching in all classrooms. Moreover, interactions with employers often prompt schools to offer more rigorous courses to prepare all students for higher education and future success. Explicit connections between schools and workplaces, therefore, can reinforce advanced academics.

In the first article, we examine how schools and businesses are linking up, leading to benefits for students and employers. In the second article, we examine the diversity in the "youth" labor market in terms of education, skills and labor market attachment. As we move into the next century, young people will represent an increasing share of the labor market, reversing a long-term trend.

We welcome your suggestions on future issues and any comments you may have on this one. You can also visit the Alliance on the Web at www.nab.com. My e-mail address is vostekk@nab.com.

Kenneth P. Vostek
Director of Economic Research

International Comparisons of Education

The Organisation for Economic Cooperation and Development's (OECD) Centre for Educational Research and Innovation recently released a report, *Education at a Glance, 1998*, which provides important cross-sectional and time-series data on education in several countries that collectively represent about two-thirds of the world's population. This report examines 36 education indicators that cover six broad areas:

- social, economic and demographic trends that influence and affect the education and training system;
- financial and human resources that countries invest in education and training;
- trends and changes in access to educational opportunities, participation, progress and completion;
- the "youth" labor market and the labor market participation and education patterns of young persons both in school and after graduation;
- how various countries organize and manage their education and training industry; and
- the return on investment in terms of individual, social and labor market outcomes associated with education and training.

To order a copy of the report, visit the Web site of OECD's Washington, D.C., office at www.oecdwash.org or call 800/456-6323. The data for this report can be accessed on the Internet at www.oecd.org/els/stats/els_stat.htm.

A New Economy?

Is the U.S. economy's performance over the last seven years a harbinger of a new economic era or just a hyped-up version of the old one? Only time will tell.

But while the economy clearly is undergoing some fundamental structural changes, much of the talk and writing about the "new" economy lacks empirical support. In a recent report, *The New Economy Index: Understanding America's Economic Transformation*, the Progressive Policy Institute provides an empirical picture of this shifting landscape. The report examines the changes in the economy in terms of three categories:

- how the economy is changing;
- the impact of these changes on individuals and the economy; and
- the foundations for growth in the "new" economy.

The report highlights the importance of technological, organizational and global changes and the increasing importance of education and training. While the report presents an interesting road map to the changes, it is short on recommendations for how business and policymakers can manage the economy.

To get a copy of the report, download it from the Internet at www.dlcppi.org/ppi/tech/neweconomy_site or call 800/546-0027.

Connecting the Dots

Linking School and Work to Accelerate Student Results

What if employers and educators could find a way to connect academic performance to real-world skills? What if they could measurably improve student achievement, attendance and success in the process?

Results like these should capture the attention of business and educators — and galvanize support from an American public that is anxious about education. Instead, the approach, known as school to work, is mired in controversy.

Some people fear that students who spend time getting training in the workplace lose their opportunity to go to college. Others worry that school to work emphasizes work skills at the expense of academic learning.

In fact, school-to-work programs give students more rigorous academics than they may otherwise get. They also improve the quality of teaching and learning in high schools. Even before the National School to Work Opportunities Act of 1994, a variety of school-to-work programs were combining a demanding core academic curriculum with practical work-based applications. These programs have strengthened the ties among schools, students and employers by helping students connect what they learn in school with what they need to know to succeed in higher education and the workplace.

In one study, 100 percent of school-to-work program participants went directly to college, compared with 70 percent of other high school graduates.

Improved Student Achievement

Now, evidence shows that the resulting increase in student achievement benefits both businesses and students, but many opportunities and challenges remain.

Forging closer links between schools and the workplace spurs student academic performance and motivation. Research in cognitive psychology provides empirical support for the benefits of contextual learning, or learning in the context of real-world applications. Students may learn algebra both through instruction in classrooms and in high-tech workplaces, where they may use algebra to program a computer numerically controlled (CNC) machine.

A rigorous evaluation of the Manufacturing Technology Partnership Program in Michigan, conducted by Kevin Hollenbeck at the WE Upjohn Institute for Employment Research, found that program participants took more challenging courses, improved their academic performance and experienced higher rates of postsecondary attendance than a control group of students who did not participate. For example, student participants from the class of 1992 earned an average GPA of 2.97, compared to an average of 2.66 for the control group. Also, 100 percent of program participants went directly to college in the fall of 1993, compared to 70.4 percent of the control group.

The program provided a combination of hands-on training in worksites, such as a General Motors truck and bus plant, and classroom training at a local skill center. The curriculum incorporated academic subjects to ensure that students had the skills and knowledge they needed to be accepted into college.

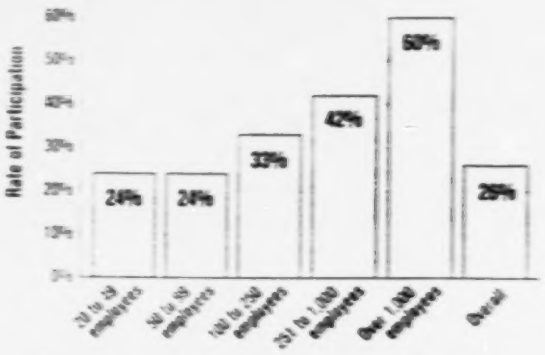
Positive Results for Employers

Employers benefit from student involvement in school-to-work activities in several ways. Most importantly, school-to-work participation improves student achievement and enriches the high school learning

experience, better preparing students to succeed in college and, later, in the workplace. School-to-work programs develop students' intellectual and affective skills. Studies also show that employers find workers who have a background in school-to-work to be more productive and to have a better attitude than employees who did not participate in school-to-work programs.

Involvement in school-to-work activities also helps employers better match applicants' skills with workplace needs. Shapiro and Goetz, in a paper presented at the 1998 annual meeting of the American Educational Research Association, found that employers who actively participate in their schools have a young worker turnover rate that is half that of employers with lower levels of participation. A lower turnover rate, in turn, results in reduced costs associated with recruitment and turnover.

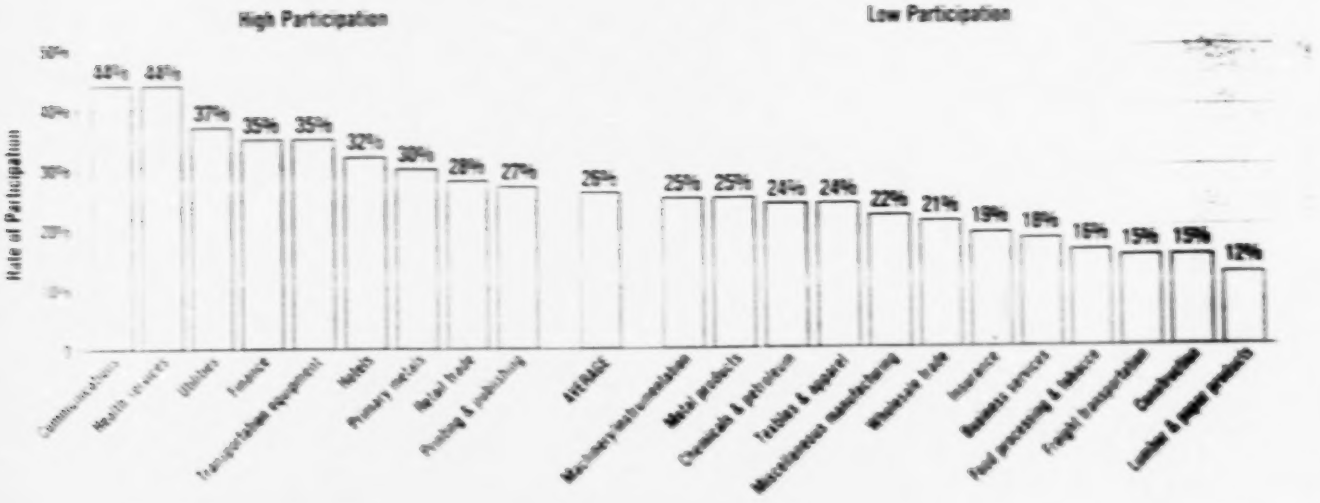
Involvement in School-to-Work by Business Size, 1997



Source: Peter Cappelli, Daniel Shapiro and Nicholle Shumanis, "Employer Participation in School to Work Programs," *Annals of the American Academy of Political and Social Science*, Vol. 559, September 1998.

Moreover, a forthcoming report by the National Employer Leader-ship Council (NELC) documents that many school-to-work programs generate improved student achievement, reduced dropout rates and higher college attendance rates. They also generate a positive return on investment for companies. Some states, including Michigan, Oregon and Wisconsin, provide employers with incentives such as tax credits or wage subsidies for hiring youth. Whether these incentives actually increase participation among companies is an open question, but the research on earlier tax credit and wage subsidy programs suggests that these incentives may not be needed or economically efficient.

Involvement in School-to-Work by Industry, 1997



Source: Peter Cappelli, Daniel Shapiro and Nicholle Shumanis, "Employer Participation in School to Work Programs," *Annals of the American Academy of Political and Social Science*, Vol. 559, September 1998.

Participation Varies by Business Size and Industry

Business participation in school-to-work partnerships varies by establishment size. Businesses with more than 1,000 employees were 2.5 times more likely to report being involved in a school-to-work partnership than establishments with 20 to 49 employees.

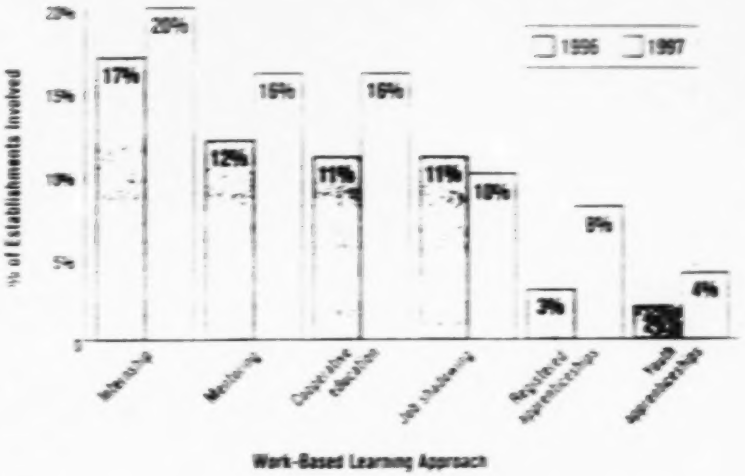
A paper by Cappelli, Shapiro and Shumanis of the University of Pennsylvania, appearing in the September 1998 issue of the *Annals of the American Academy of Political and Social Science* (Volume 559), provided further evidence that larger establishments tend to participate more in school-to-work partnerships. The researchers estimate that just over one in four businesses with 20 or more employees (representing nearly 175,000 establishments) said they were involved in a school-to-work partnership in 1997. These results are based on a nationally representative sample of employers.

Participation rates also vary by industry. For instance, establishments in the communications industry were 1.5 times more likely to report participating in a school-to-work partnership than establishments in the retail trade industry, which are disproportionately smaller on average. The differences in participation rates are due to a variety of factors.

However, intermediaries between schools and businesses may provide the necessary resources to increase participation among smaller companies. Intermediaries also may be able to:

- market the programs more effectively;
- increase participation rates among employers of all sizes;
- ensure that learning takes place;
- help improve courses; and
- serve as liaisons for students, educators and employers.

Businesses Provide a Variety of Work-Based Learning Experiences



Source: Peter Cappelli, Daniel Shapiro and Nichole Shumanis, "Employer Participation in School to Work Programs," *Annals of the American Academy of Political and Social Science*, Vol. 559, September 1998.

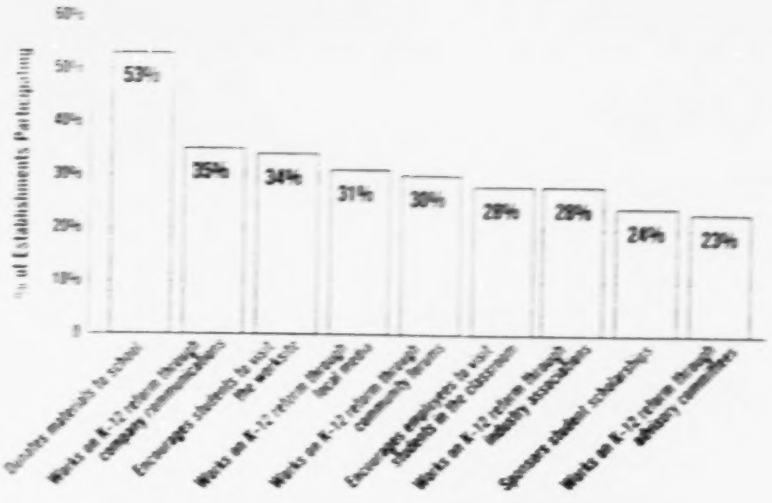
Students may learn algebra both through instruction in classrooms and in high-tech workplaces, where they may use algebra to program a computer numerically controlled machine.

Work-Based Learning

Cappelli, Shapiro and Shumanis also analyzed establishments involved in more informal work-based learning experiences, such as job shadowing, mentoring, internships, cooperative education, and registered apprenticeship and youth apprenticeship programs, which, unlike school to work, may not be tied formally to an academic program.

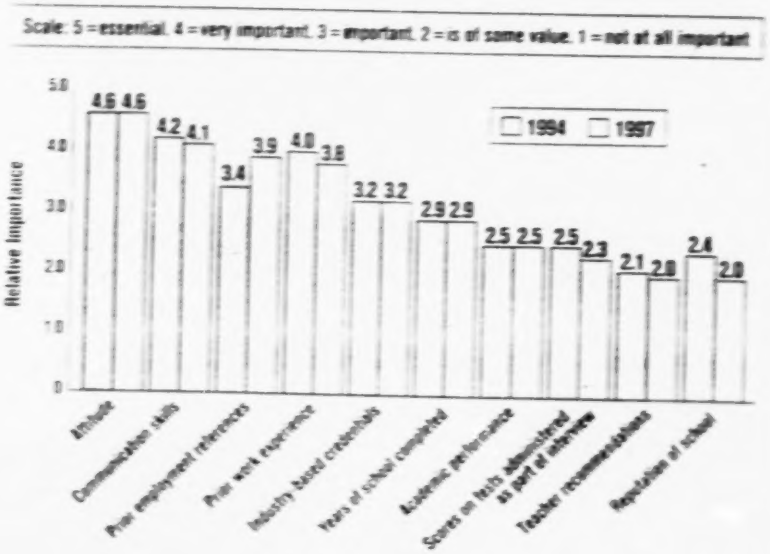
In 1996, 19 percent of employers (equal to about 124,000 worksites) provided work-based learning experiences. In 1997, the number jumped significantly — 39 percent of employers (representing about 260,000

Employers Participate in Local Schools in Many Ways



Source: Daniel Shapiro and Maria Iannozzi, "The Benefits of Bridging Work and School," *Annals of the American Academy of Political and Social Science*, Vol. 559, September 1998.

Importance of Factors Employers Use in Making Hiring Decisions



Source: Daniel Shapiro and Maria Iannozzi, "The Benefits of Bridging Work and School," *Annals of the American Academy of Political and Social Science*, Vol. 559, September 1998.

worksites) reported participation in work-based learning and/or a school-to-work partnership.

Of the companies reporting involvement in a school-to-work partnership, 91.5 percent also provide work-based learning experiences. On the other hand, only 22.2 percent of companies not involved in school to work provide work-based learning experiences. These statistics strongly imply that school-to-work partnerships encourage involvement in work-based learning.

As the chart on page 5 shows, the only type of work-based learning experience that showed a decline between 1996 and 1997 was job shadowing, which is not as valuable in supporting increased student achievement or developing work skills. The most significant increases were in those activities that more directly improve academic content and student achievement. Also, the patterns of participation in work-based learning mirrored those of school-to-work across establishment size and industry sectors.

Given the similarity between the 1996 and 1997 participation rates in work-based learning alone — 19 percent and 22.2 percent, respectively — the rapid rise in overall participation seems to have been kick started by the push on state and local levels to launch systematic school-to-work efforts under the School to Work Act of 1994. Thus, engaging business — the critical linchpin in establishing work-based learning opportunities for students — is working. As a result, according to an unpublished 1996 paper by Daniel Shapiro and Robert Zemsky, employers who participate in a work-based learning program increasingly view schooling

and academic performance as a critical element in developing a skilled workforce.

School to work and work-based learning are only two of the ways employers are participating in local schools. According to a study by Daniel Shapiro and Maria Iannozzi, employers are doing everything from donating materials to schools to working on K–12 reform through industry associations or advisory committees to help improve student achievement.

Greater Participation Will Boost Results

While student and employer participation in school to work and work-based learning is on the rise, these valuable activities are not yet captured on student records. This lack of meaningful information is one reason why nearly two-thirds of companies surveyed by the University of Pennsylvania report that they do not use academic records in evaluating job candidates.

But as Albert Shanker, the late president of the American Federation of Teachers, commented in a 1996 *New York Times* editorial, "... It's obvious that the less attention employers pay to school performance, the less incentive kids have to achieve and the more poorly prepared they will be."

With the rapid changes in technology, a learning economy is emerging, and mastery of more advanced academic skills therefore will become more important to success in the workplace and society. States and local communities already are undertaking major changes in how they are working to raise student achievement. States are making progress in developing rigorous academic standards and assessments aligned with these standards. According to data from Achieve, Inc., as of October 1998, 49 states have adopted academic standards in English, math, science and history/social studies. Of these 49 states, 18 states have developed assessments in all four subject areas, and seven states have developed assessments in three subject areas.

Making Academics — and School-to-Work — Count

Business leaders this year are working with leaders in K-12 schools, colleges and universities, and training schools to make it clear that academics count. The leaders are convening as part of the National Alliance of Business' *Making It Meaningful* project.

This task force will help the Alliance produce guidelines for school records that more fully reflect student achievements – including school-to-work participation, which is a valuable academic experience. Many employers do not use school records because current transcripts are not easy to understand or use.

That's changing, however. More than 3,000 employers are asking recent graduates for their school records as part of the hiring process. The strategy is part of the Alliance's national campaign, *Making Academics Count*, to promote employer involvement in increasing academic achievement. Asking students for school records sends a message to students that school counts – and a message to high schools that a rigorous core curriculum is essential for all students.

To learn more or to order *Hiring Smart: An Employer's Guide to Using School Records*, contact the Alliance's Member Services Center at 800/787-2848.

Now and in the future, what you earn will be even more closely linked to what you learn. By more explicitly connecting education and employment, the skills and knowledge learned in the workplace can enhance academic classroom learning and vice versa.

Employer participation is vital for the successful design, implementation and results of efforts to more closely link schools and employers. The Alliance and the NELC are leading initiatives to increase employer engagement in school-to-work efforts, and several industry groups, such as the National Association of Manufacturers, the Retail Federation and the Utility-Business Education Coalition, are providing support for promoting employer engagement in their respective industries.

Federal school-to-work funding helped jump-start these programs across the country. Employer interest and participation are increasing. Now, according to a study conducted by Mathematica Policy Research, Inc., school-to-work programs will need funding for state and local partnerships to survive. But the real key to the success of school to work and improving the achievement of students will be ensuring the programs are central to states' efforts to raise the bar on academic standards.

The challenge of scaling up participation remains. However, the benefits — both for students and businesses — outweigh the costs.

Education Helps Young Workers Get Ahead

As a more learning-intensive economy emerges, the relationship between education and work is changing. In the context of rapid technological, structural and social change, there is increased danger of mismatches between what schools produce/supply and what firms want/demand. As a result, the need to create stronger links between educators and employers increases when the velocity of change increases. Schools play a pivotal role in providing students with the academic skills and training they need for success in the modern labor market.

In this new learning-intensive economy, learning and work increasingly are intertwined. The mastery of more advanced academic skills is more important for success in the workplace and society. Now and in the future, earnings will be even more closely linked to learning. More explicit connections between education and employment will strengthen the bonds between academic classroom learning and workplace knowledge. That, in turn, will help all students improve their academic and workplace success.

This article finds that:

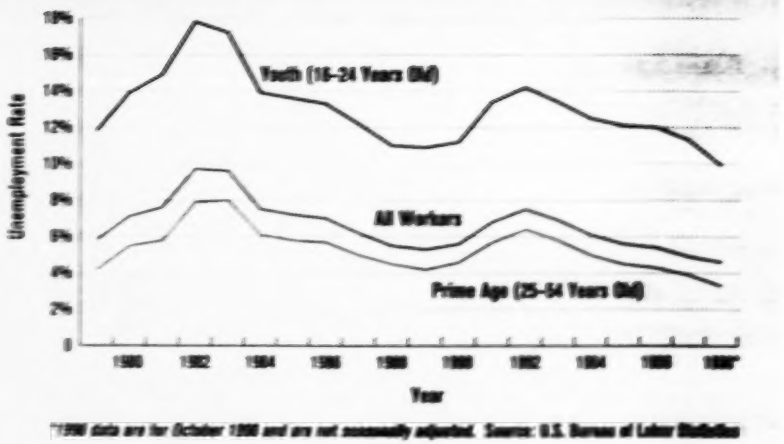
- Young persons will represent a larger share of the labor market as we enter the next century.
- The labor market comprised of 16- to 24-year-olds is not monolithic. This is a disparate group that includes people with various education and skill levels.
- Many of the problems in the labor market reflect the lack of skills and education of young persons.
- It is clear that increasing academic achievement and staying in school are key to improving a young person's chance to move successfully through the labor market.

Education Improves Prospects of Young Workers

Young people aged 18 to 24 historically have suffered relatively high unemployment rates compared with older working-age adults. For instance, unemployment rates are traditionally much higher for young people than for people in their "prime" (defined as between the ages of 25 and 54) — a pattern that continues today; as of October 1998, youth unemployment rates were three times higher than those for prime-aged workers. This trend indicates continuing difficulty for young persons trying to establish themselves in the workforce.

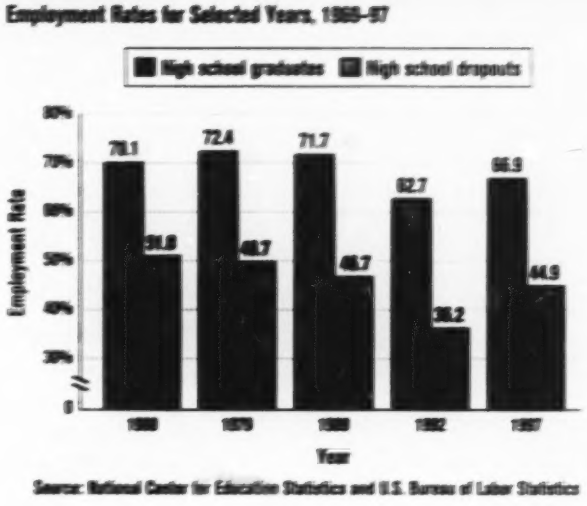
Young workers can, however, increase their chances of success in the working world by acquiring a college education. In 1998, the unemployment rate for high school dropouts was well above the overall youth unemployment rate; likewise, unemployment for those with only a high school diploma was quite elevated.

Youth Unemployment Higher Than Unemployment for Prime-Aged Workers

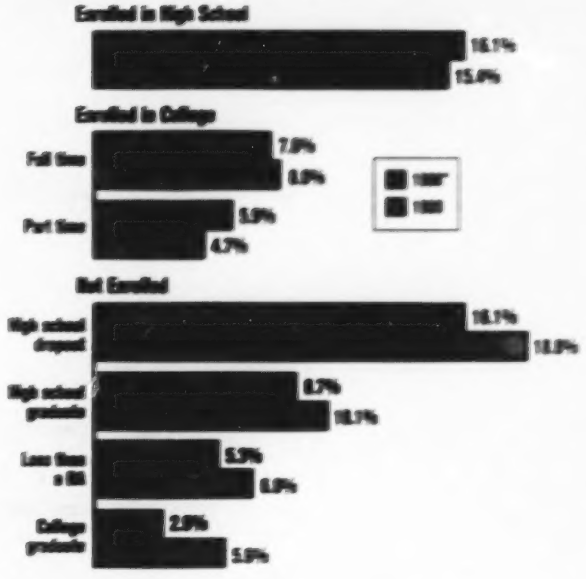


*1998 data are for October 1998 and are not seasonally adjusted. Source: U.S. Bureau of Labor Statistics

Employment Rates Drift Downward for Recent Graduates and Dropouts



Youth Unemployment Rates by School Enrollment Status, 1989 to 1998



In contrast, unemployment rates were comparatively lower in 1998 for young persons who either have graduated from college or have less than a bachelor's degree (including those with an associate's degree). A similar picture holds true for students still enrolled in school — high school students had an unemployment rate that was about 9 percent higher than that of part- or full-time college students.

Moreover, the less-educated segment of the youth labor force is suffering higher unemployment rates than it has experienced in previous years. Although employment rates for high school graduates and high school dropouts have shown signs of picking up in the last several years, employment rates for these two groups are still lower than they were in previous periods with similar labor markets. For instance, 66.9 percent of recent high school graduates were employed in 1997, a drop of 5 percent from 1989. This decline is especially telling because the economy has strengthened over this time period.

The trend for high school dropouts follows much the same pattern: Only 45 percent of high school dropouts were employed in 1997, compared with nearly 50 percent in 1979. These figures suggest that less-educated young persons are at an even greater disadvantage in the labor market today than in years past and that a higher level of education has grown increasingly important as a factor for success in finding work.

Labor Market Churn: A Path to Success?

One frequent criticism of the U.S. labor market and education system is that they fail to provide a smooth transition for students from school to work. This idea is reflected in high job-change rates for young workers. According to several analysts, the period immediately following graduation is one in which young people — particularly those going to work directly after high school — hold numerous jobs over short periods of time, with no clear progression toward a career. Topel and Ward, in an article published in the *Quarterly Journal of Economics* in 1992, found that young men make more than two-thirds of their lifetime job changes during their first 10 years of work.

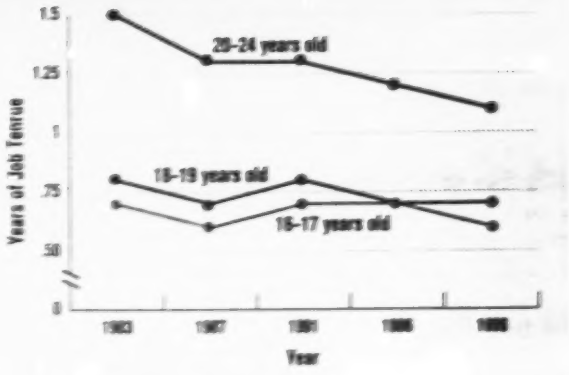
In recent years, young people have demonstrated their marked desire to be upwardly mobile and to search out a career that fits their needs. Particularly in strong job markets — such as the one the United States has experienced recently — young people may have more freedom to move from job to job in search of higher earnings and new

and different career opportunities. This kind of job mobility has become an important element in career development among young workers.

Despite the instability that frequent job changing would seem to cause, labor market churn actually may benefit young workers — for a limited amount of time. A 1997 National Bureau of Economic Research (NBER) working paper by Gardecki and Neumark found that this churning, rather than reflecting a journey from one dead-end job to another, may improve the ability of workers and employers to find a better match. And Derek Neal, in a 1998 NBER working paper, found that this process of finding a good career contributes significantly to the wage growth of many young workers. Topel and Ward found in their research that one-third of the wage growth observed during this initial period of employment is attributable to changing jobs. Job mobility, then, may in the end translate into increased financial success and more suitable careers for young workers.

Neal also found that the frequency of career changes, while falling as work experience increases, is significantly higher for high school dropouts and high school graduates than for college graduates. Thus, while labor churn may benefit workers overall, more-educated workers seem to settle into more stable careers at an earlier age — a finding that is supported by similar research reported in 1995 by Jacob Klerman and Lynn Karoly at the Rand Institute. Thus, while more-educated workers are going through this process of career development, they are learning the skills they need to establish themselves in a long-term career. In contrast, less-educated workers are more apt to move from one job to another without acquiring the same level of work experience and flounder longer in the job-churning cycle. Due to increased career stability of more-educated workers — and also to their greater financial success — labor churn in the long run may not be the surest path to prosperity for all young people.

Median Years of Job Tenure for Young Workers, 1983–98



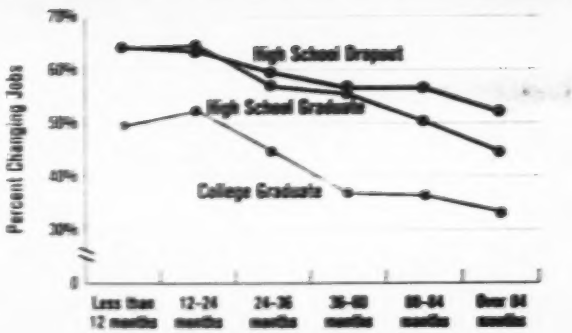
Source: U.S. Bureau of Labor Statistics

Education Yields an Earnings Advantage

Despite the inherent disadvantages facing young workers, a recent U.S. Bureau of Labor Statistics report found that real hourly earnings have increased more rapidly for younger workers — including part- and full-time employees — than for other segments of the job market. For instance, for workers between the ages of 18 and 22, real hourly earnings grew on average 7.4 percent per year between 1978 and 1995, while the rate of growth slowed to 5.5 percent per year for those between the ages of 23 and 27, and to less than 3 percent per year for those between the ages of 28 and 32.

However, the rate of increase in real earnings clearly shows a growing gap between those with differing levels of education. That is, while the general pattern of wage increases holds across all education groups, those with more education receive larger annual increases, on average, than those with less education. And the fact that this is a growing trend indicates that the job-market

Frequency of Career Changes by Education Level and Length of Work Experience



Source: Derek Neal, "The complexity of job mobility among young men," National Bureau of Economic Research Working Paper 6082, July 1998.

benefits associated with higher education are increasing. In short, education is becoming more and more of a "leg up" for young workers, as it is for workers of all ages.

As a group, full-time, year-round workers between the ages of 18 and 24 saw their annual earnings rise 3.2 percent per year between 1991 and 1997, an increase that exceeded two different measures of price increases over the same period. Education level, again, seems to have been an important determinant in these earnings increases. For instance, young high school dropouts experienced a 2.4 percent annual increase in earnings between 1991 and 1997, while the annual increase in earnings for a college graduate was nearly twice as high over the same period. These figures exclude wages for part-time workers and, thus, vary somewhat from the real hourly earnings increases discussed earlier.

In addition, the annual earnings gap between those of differing education levels has risen over time. For instance, a young high school graduate earned 23 percent more per year than a high school dropout in 1997, compared to a 20 percent difference in 1991. As well, the earnings differential between a young four-year college graduate and a young community college graduate nearly doubled between 1991 and 1997, rising from 15 percent in 1991 to 27 percent in 1997.

Leading Students to Success

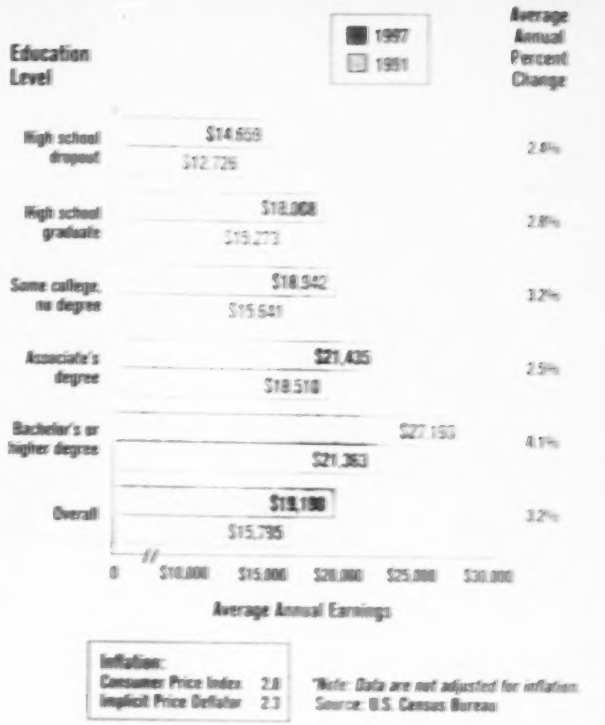
The transition from school to work is still a troublesome process for young people in the United States. Unemployment rates continue to run relatively high for the youth population as a whole, and new entrants into the job market still face many of the same disadvantages that they have in the past. Young people have attempted to overcome these obstacles with frequent job changes, searching for a quicker path to financial success and, if possible, career stability. But for many workers — particularly the less-educated — this kind of labor churn is inefficient and a stop-gap solution to a much broader problem and does not address the key underlying issues in the youth labor market: skills and education.

As we have seen, a higher level of education invariably leads to more job opportunities, more career options, better pay, and more personal and financial security for young workers. A solid education gives young people the skills they need to compete on a more level playing field and succeed in the larger workforce. Getting more young people to graduate from high school and complete a college degree, then, may be the real key to overcoming many of the woes of the youth workforce.

Certainly, this will not be an easy task. For economic and other reasons, a significant number of students currently may not have the opportunity to advance their education. To create this kind of opportunity, policymakers and the business community will need to take an increased leadership role in their efforts to open up pathways to long-term success for students. (To learn more about new dialogues among business, higher education and K–12 education, see the January 1999 issue of *WorkAmerica*.)

Although labor churn may not be the answer in itself to youth workforce problems, the diverse work experience and career development that come about as a result of this process are strong assets from which all students could benefit. If school-to-work transition programs could more closely approximate these benefits, preparing students more thoroughly for prosperous, highly skilled and long-term career opportunities, the caliber of the job pool as a whole would rise significantly — benefiting not only students, but business as well.

Average Annual Earnings by Education Level for 18- to 24-Year-Old, Full-Time, Year-Round Workers, 1991–97



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Keeping Valuable Employees in One Place. Companies have come up with a variety of creative benefits and flexible work options to keep employees from jumping ship, but the solution may be to hire someone who focuses solely on employee retention. Ernst & Young LLP credits the efforts of Deborah Holmes, the company's director of retention, with reducing staff turnover four percentage points in two years, reports *The Wall Street Journal*. Holmes and her staff work to change corporate culture but also intervene when managers suspect a valued employee is on the way out.

Once Upon a Time, There Was a Business ... Dust off your fairy tales. The best way to make sure people remember your point may not be to show them a four-color chart of the supporting data but to tell them a story, according to Peter Giuliano and Frank Carillo of Executive Communications Group. Businesses such as Revlon and Deloitte & Touche have taken advantage of the company's daylong seminars, which cover the basics of Aristotelian rhetoric as well as help executives hone their storytelling skills, reports *BusinessWeek*.

The Sun Will Come Out Tomorrow — Unless It's Saturday. Workers everywhere have known it for a long time, and now climatologists at Arizona State University (ASU) have confirmed that it really does rain more often on the weekend, according to an article in *Nature* cited in *Training* magazine. Two ASU professors found that on average more rain fell Thursday through Saturday than during the rest of the week. The massive amounts of pollution caused by commuters hopping into their cars to begin the work week may contribute to weekend weather woes.

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